

Message Text

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E.O. 11652: N/A

TAGS: ECON, PO

SUBJECT: CABINET STUDIES ECONOMIC PROBLEMS

1. CABINET MINISTERS AUGUST 26 CONSIDERED FINANCIAL AND BALANCE OF PAYMENTS PROBLEMS FACING PORTUGAL. AFTER CABINET MEETING THEY ISSUED A COMMUNIQUE STATING THAT THEY CONSIDERED THE EXTREMELY HIGH ABSENTEEISM, LOWER PRODUCTIVITY, AND DEFICITS OF PUBLIC ENTERPRISES AMONG THE MOST SERIOUS PROBLEMS THAT HAVE TO BE CONFRONTED. THE COMMUNIQUE ADDED THAT A SERIES OF MEASURES "INDISPENSABLE TO REVITALIZE THE ECONOMY" WERE UNDER PREPARATION.

2. COMMENT: THE SOONER THE BETTER. THE PROBLEMS OF PUBLIC COMPANY DEFICITS AND ABSENTEEISM WERE GRAPHICALLY ILLUSTRATED TO US IN

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RECENT TALKS WITH SOCIALIST PARTY LEADERS ZENHA AND GAMA

WITH FOLLOWING EXAMPLE CONCERNING LARGE SHIPYARD, LISNAVE, WHERE ABSENTEEISM MAY BE AS HIGH AS 23 PERCENT. RECENTLY SEVERAL GROUPS OF WORKERS HAVE GONE ON STRIKE AT THE SHIPYARD. DRAWING FULL SALARY FROM LISNAVE WHILE ON STRIKE, THEY HAVE STARTED TO WORK AT THE SINES PROJECT AND ARE DRAWING A SECOND SALARY.

3. COMMUNIQUE BY CABINET IS ANOTHER EFFORT IN GOP CAMPAIGN TO ESTABLISH RIGHT PSYCHOLOGICAL CLIMATE FOR IMPLEMENTATION OF NECESSARY ECONOMIC MEASURES.
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